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Letter dated 6 June 2007 from the Permanent Representative of Belgium to the United Nations to the Secretary-General

I have the honour to transmit the concept paper for the Security Council open debate on natural resources and conflict (see annex). The debate is to be held on 25 June 2007.

I should be grateful if the present letter and its annex could be issued as a document of the Security Council.

(*Signed*) Johan **Verbeke**
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Annex to the letter dated 6 June 2007 from the Permanent Representative of Belgium to the United Nations addressed to the Secretary-General

Maintenance of international peace and security: natural resources and conflict

Concept paper for the Security Council open debate

Objective

1. The link between natural resources and conflict is now well-documented both at the conceptual level and in the context of specific conflict situations. Growing attention to this question has stimulated various responses, including by the Security Council.

2. The policy debate on this issue has so far been mostly focused on particular conditions or narrowed down to specific dimensions. A thematic debate by the Security Council is timely: the Council has the primary responsibility for all questions related to peace and security. Moreover, the Council is already dealing with conflict situations linked to natural resources through its peacekeeping operations and sanctions resolutions (sanctions committees and groups of experts).

3. The aim of this thematic debate will be:

- To further reflect on how the exploitation of natural resources can contribute to triggering or fuelling conflict, while also recognizing that effective management of natural resources can contribute to post-conflict recovery
- To better understand the implications of the link between natural resources and conflict for the maintenance of peace and security
- To explore how the effectiveness of the Security Council's action in this area could be strengthened

The link between natural resources and conflict

4. In resource-endowed countries, revenue from commodities is important for growth and development. Experience nevertheless shows that natural resource exploitation can become a direct or indirect cause of conflict: a direct one, because disputes about ownership and distribution of revenue can lead to conflict; an indirect one, because, on average, in poor countries, high dependency on natural resources is associated with an increased risk of weak governance and poor economic performance. Both contribute to conflict-prone environments. Natural resources can also be a means for conflict, allowing armed groups to finance their activities. Revenue from natural resources thus makes conflicts feasible and even prolongs them. In such cases, preserving control over natural resources can ultimately even become the main reason for maintaining the armed conflict.

5. In this context, a distinction must be made between the successive phases of a (potential) conflict. The challenges, the instruments and the responsibilities are different in each phase:

(a) From a conflict-prevention perspective, the question is how to prevent natural resources from becoming a cause of conflict; governance of natural resources is a key issue in this respect;

(b) In the case of conflict, the challenge becomes how to prevent the exploitation of natural resources from fuelling and perpetuating war. This has been the main focus of the Security Council's action on natural resources to date; the Council has imposed commodity sanctions or has established sanction committees and groups of experts;

(c) In a post-conflict situation, the issue becomes how to reinstate these natural resources as an engine for development and how to move from a sanctions-driven approach to a development-oriented one without natural resources becoming again a factor of instability and thus triggering a relapse into conflict.

Responses of the international community

6. When addressing the link between natural resources and conflict, various stakeholders have to be involved: Governments (of producing and importing countries); appropriate multilateral bodies; the private sector in its various dimensions (such as extractive industries, brokers and traders); and civil society.

7. Acknowledging the fact that the exploitation of natural resources was fuelling certain conflicts, the Security Council has responded by imposing embargoes on rough diamonds originating from countries in conflict: in Angola (1998); Sierra Leone (2000); Liberia (2003); and Côte d'Ivoire (2005). Beyond diamonds in Africa, an embargo was imposed, for example, on timber from Liberia in 2003. Moreover, since 2000, various groups of experts have been tasked to investigate the issue of the illegal exploitation of natural resources in the Democratic Republic of the Congo and its links with the financing of arms trafficking.

8. Beyond the United Nations, several initiatives have been taken to improve the governance of the natural resources sector and thus contribute directly or indirectly to maintaining peace and security:

- The Organization for Economic Cooperation and Development has developed a code of conduct for private companies active in low-governance environments
- The Extractive Industries Transparency Initiative, which is aimed at improving governance by publicizing money flows in and out of the mining sector in participating countries. Its actions are financed through a trust fund managed by the World Bank
- The Kimberley Process, which came into force in 2003, is a joint effort by States, the private sector and civil society to put in place a global system of certificates of origin for rough diamonds. Participation in the Process has been encouraged by the Council and used as a criterion for lifting embargoes on rough diamonds
- On the issue of commodity tracking and certification, several initiatives are being developed, for example on copper and cobalt in Katanga by Belgium and coltan by Germany

- The European Union Forest Law Governance and Trade process, which is aimed at helping increase the capacity of developing countries to control illegal logging

9. As far as regional initiatives are concerned, the International Conference on the Great Lakes Region adopted, in December 2006, the Protocol against the Illegal Exploitation of Natural Resources as an element of its stability pact.

Questions for discussion

10. When debating the issues, the Security Council could focus on the following questions:

- Improving governance of natural resources in the absence of conflict is not the primary responsibility of the Council. But can the Council encourage other existing initiatives to the extent that they have an impact on the maintenance of peace and security? Is there a role for the Council in the early identification of situations in which natural resources could create a risk of conflict?
- What are the lessons learned from past and existing commodity sanctions, sanctions committees and groups of experts? How can these instruments be strengthened?
- What are the lessons learned from peacekeeping operations in such situations? Can their mandates better take this dimension into account? Do they have the adequate capacity, and how can they be better equipped to deal with it?
- Does sufficient capacity exist within the Secretariat to develop appropriate analysis and policy recommendations with regard to natural resources?
- In post-conflict situations, when and how should the transition be made from a sanctions-driven approach to a reconstruction-oriented one for the natural resources sector? How can this transition be better prepared and supported? When and how does the Council hand over its responsibilities to other bodies? What is the role for the Peacebuilding Commission in this transformation?
- What to do in order to avoid that natural resources become again a factor of instability, and thus trigger a relapse into conflict?
- Can the Council contribute to a more systematic approach by the international community and stimulate more continuity between different actors?
- How can the action of the Council in this area be enhanced?

Expected outcome of the debate

11. The expected outcome of the debate is a presidential statement.